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SIKKIM STATE ELECTRICITY REGULATORY COMMISSION

No. 71/SSERC/2021-22/Part-II/372/120

Date: 23/05/2022

NOTIFICATION

In exercise of Powers conferred under sections 61, 66, 86 (1) (e) and 181 of the Electricity Act, 2003 and all other powers enabling the Commission in this behalf, the Sikkim State Electricity Regulatory Commission hereby notifies the Sikkim State Electricity Regulatory Commission (Renewable Energy Purchase Obligation and its Compliance) Regulations, 2022 in suppression of SSERC (Renewable Energy Purchase Obligation and its Compliance) (First Amendment) Regulations, 2017.

1. Short title, commencement and extent of application

- 1.1 These regulations may be called the Sikkim State Electricity Regulatory Commission (Renewable Energy Purchase Obligation and its Compliance) Regulations, 2022.
- 1.2 These regulations shall come into force from the date of their publication in the Official Gazette of the Government of Sikkim.
- 1.3 These regulations shall apply throughout the State of Sikkim.

2 Definitions

- 2.1 In these regulations, unless the context otherwise requires,
 - a) 'Act' means the Electricity Act, 2003 (36 of 2003);
 - b) 'Central Agency' means the agency operating the National Load Despatch Centre or such other agency as the Central Commissions may designate from time to time;
 - c) 'Central Commission' means the Central Electricity Regulatory Commission referred to in sub-section (1) of section 76 of the Act;
 - d) 'Certificate' means the renewable energy certificate issued by the Central Agency in accordance with the procedures laid down by it and under the provisions specified in the Central Electricity Regulatory Commission (Terms and Conditions for recognition and issuance of Renewable Energy Certificate for Renewable Energy Generation) Regulations, 2010 as amended from time to time;
 - e) 'Commission' means the Sikkim State Electricity Regulatory Commission;

- f) 'Floor price' means the minimum price as determined by the Central Commission in accordance with the Central Electricity Regulatory Commission (Terms and conditions for recognition and issuance of Renewable Energy Certificate for Renewable Energy Generation) Regulations, 2010, as amended from time to time, as above which the certificate can be dealt in the power exchange;
- g) 'Forbearance price' means the ceiling price as determined by the Central Commission in accordance with the Central Electricity Regulatory Commission (Terms and Conditions for recognition and issuance of Renewable Energy Certificate for Renewable Energy Generation) Regulations, 2010, as amended from time to time, within which only the certificates can be dealt in the power exchange;
- h) 'MNRE' means the Ministry of New and Renewable Energy;
- i) 'Obligated entity' means the entity mandated under clause (e) of sub-section (1) of section 86 of the Act to fulfil the renewable purchase obligation;
- j) 'Power Exchange' means any power exchange which operates with the approval of the Central Commission;
- k) 'Preferential tariff' means the tariff fixed by the Commission for sale of energy, from a generating station using renewable energy sources, to a distribution licensee;
- l) 'Renewable energy sources' means renewable sources such as small hydro, large hydro power (LHPs), wind, solar including its integration with combined cycle, biomass, bio fuel cogeneration, urban or municipal waste and such other sources as recognized or approved by MNRE;
- m) 'HPO' means Hydro Purchase Obligation within Non-Solar Renewable Purchase Obligation (RPO);
- n) 'Renewable Purchase Obligation' means the requirement specified by the Commission under clause (e) of sub-section (1) of section 86 of the Act, for the obligated entity to purchase electricity from renewable energy sources;
- o) 'State Agency' means the agency in the State of Sikkim as may be designated by the Commission to act as the agency for accreditation and recommending the renewable energy projects for registration and to undertake functions under these regulations;
- p) 'Year' means a financial year.

2.2 Words and expressions used in these regulations and not defined herein but defined in the Act or the regulations issued by the Central Commission or any other regulations issued by the Commission, shall have the same meaning assigned to them respectively in the Act or such regulations issued by the Central Commission or such other regulations issued by the Commission.

3 Applicability

These Regulations shall apply to,

- (1) Distribution Licensees.
- (2) Any other individual/entity consuming electricity (i) generated from conventional Captive Generating Plant having capacity of 5 MW and above for his own use and/or (ii) procured from conventional generation through open access and third party sale.

4 **Quantum of Renewable Purchase Obligation (RPO)**

4.1 Each distribution licensee shall purchase electricity (in kWh) from renewable energy sources, at a defined minimum percentage of the total consumption of its consumers including T & D losses during a year.

Similarly, Captive and open Access user (s) / consumer (s) shall purchase electricity (in kWh) from renewable energy sources, at a defined minimum percentage of his/her total consumption during a year

Provided that procurement of such power shall be from other developers of Renewable Energy Sources or by purchase of Renewable Energy from other licensee or such eligible power from exchange or by way of purchase of Renewable Energy Certificate (REC).

Provided further that such renewable sources shall have suitable metering and communication arrangement with State Load Dispatch Centre/Distribution licensee of the State of Sikkim.

Provided further that generation from off-grid RE sources set up by the Distribution Licensee/Mini-Grid Operator (MGO), shall be considered as generation from eligible RE sources only if suitable metering and communication arrangement exists and Distribution Licensee/Mini-grid Operator (MGO) communicate details of such generation on monthly basis to the State Agency.

Provided further that power generated from co-firing of biomass in coal based thermal power plants shall be treated as renewable energy and shall be eligible for meeting Non-Solar RPO limited to the quantum of electricity generated from biomass in biomass co-fired coal based thermal power plants. The guidelines/methodology prescribed by CERC from time to time shall be followed for estimation of electricity generated from biomass in biomass co-fired coal based thermal power plants.

Provided that the quantum of electricity generated by the consumer from Roof-top solar PV system under the net metering arrangement shall, if such consumer is not an obligated entity, qualify towards meeting the Solar RPO of the distribution licensee.

Provided further that procurement of Renewable Energy Certificate (REC) issued for Renewable Energy Generation outside as well as within the State of Sikkim shall be considered as an eligible instrument for the purpose of RPO compliance by Obligated Entities.

Provided further that large hydropower projects including pumped storage projects having capacity of more than 25MW (LHPs) which came into commercial operation after 8.3.2019 shall fall in the category of renewable energy source and cater to Hydro Purchase Obligation within Non-Solar Purchase Obligation (RPO) provided such power is not imported from outside India.

Provided further that other Non-Solar RPO (excluding HPO) maybe met from any renewable sources other than Solar and LHPs.

Provided further that on achievement of Solar RPO compliance to the extent of 85% and above, remaining shortfall, if any, can be met by excess Non-Solar energy consumed beyond specified Non-Solar RPO for that particular year. Similarly, on achievement of other Non-Solar RPO compliance to the extent of 85% and above, remaining shortfall, if any, can be met by excess solar or eligible hydro energy consumed beyond specified Solar RPO or HPO for that particular year. Further, on achievement of HPO compliance to the extent of 85% and above, remaining shortfall, if any, can be met by excess solar or other Non-Solar energy consumed beyond specified Solar RPO or other Non-solar RPO for that particular year.

Provided further that such obligation to purchase electricity from renewable energy sources shall be inclusive of the purchases, if any, from renewable energy sources already being made by obligated entity concerned;

Provided further that power purchases under the power purchase agreements of renewable energy sources already entered into by the distribution licensees shall continue to be made till their present validity, even if the total purchases under such agreements exceed the percentage as specified hereinabove.

The defined minimum percentages are given in Table:-

Table- 1

Year	Solar RPO (%)	Non-Solar RPO (%)			Total RPO (%)
		HPO	Other Non-Solar RPO	Total Non-Solar RPO	
2022-23	6.75	0.05	10.25	10.30	17.05
2023-24	6.85	0.10	10.30	10.40	17.25
2024-25	6.90	0.15	10.35	10.50	17.40

4.2 The Commission may, on its own or at the request of a licensee, revise the percentage targets for a year as per clause 4.1 of these Regulations keeping in view supply constraints or other factors beyond the control of the licensee.

4.3 The solar RPO and other Non-Solar RPO (excluding HPO) specified for the Financial Year 2024-25 shall be continued beyond 2024-25 till any revision is effected by the Commission in this regard.

5. Certificates under the Regulations of the Central Commission

5.1 Subject to the terms and conditions contained in these regulations, the certificates issued under the Central Electricity Regulatory Commission (Terms and Conditions for recognition and issuance of Renewable Energy Certificate for Renewable Energy Generation) Regulations, 2010 shall be the valid instruments for the discharge of the mandatory obligations set out in these regulations for the obligated entities to purchase electricity from renewable energy sources;

Provided that in the event of the obligated entity fulfilling the renewable purchase obligation by purchase of certificates, the obligation to purchase electricity from generation based on solar as renewable energy source can be fulfilled by purchase of solar certificates only, and the obligation to purchase electricity from generation based on renewable energy other than solar can be fulfilled by purchase of Non-solar certificates.

- 5.2 Subject to such direction as the Commission may give from time to time, the obligated entity shall act consistent with the Central Electricity Regulatory Commission (Terms and Conditions for recognition and issuance of Renewable Energy Certificate for Renewable Energy Generation) Regulations, 2010, as amended from time to time, notified by the Central Commission in regard to the procurement of the certificates for fulfilment of the Renewable Purchase Obligation under these Regulations.
- 5.3 The certificates purchased by the obligated entities from the power exchange in terms of the regulations of the Central Commission mentioned in clause (5.1) of this Regulation shall be deposited by the obligated entities to the Commission in accordance with the detailed procedure issued by the Central Agency.

6. State Agency and its Functions

- 6.1 The Commission designates Sikkim State Load Dispatch Centre (SLDC) as State Agency for accreditation and recommending the renewable energy projects for registration and to undertake functions under these regulations.
- 6.2 The State Agency shall function in accordance with the directions issued by the Commission and shall act consistent with the procedures, rules laid by Central Agency for discharge of its functions under the Central Electricity Regulatory Commission (Terms and Conditions for recognition and issuance of Renewable Energy Certificate for Renewable Energy Generation) Regulations, 2010, as amended from time to time.
- 6.3 If the Commission is satisfied that the State Agency is not able to discharge its functions satisfactorily, it may by general or special order, and by recording reasons in writing, designate any other agency to function as State Agency as it considers appropriate.

7. Submission of Compliance Report

- 7.1 SLDC shall be the Nodal Agency for compilation and submission of quarterly status report to the Commission in respect of compliance of renewable purchase obligation by the obligated entities in a suitable format and may suggest appropriate action to the Commission, if required, for compliance of the renewable purchases obligation.
- 7.2 The Commission may from time to time fix the remuneration and charges payable to the State Agency for discharge of its functions under these regulations to be recovered from obligated entities.

8. Distribution Licensee

- 8.1 Each distribution licensee shall indicate, along with sufficient proof thereof, the estimated quantum of purchase from renewable energy sources for the ensuing year in tariff/

annual performance review petition in accordance with Regulations notified by the Commission. The estimated quantum of purchase shall be in accordance with clause 4.1 of these regulations of the approved power purchase quantity for the ensuing year(s). In the event of the actual consumption in the license area being different from that approved by the Commission, the RPO shall be deemed to have been modified in accordance with clause 4.1. If the distribution licensee is unable to fulfil the obligation, the shortfall of the specified quantum of that year would be added to the specified quantum for the next year. However, credit for excess purchase from renewable energy sources would not be adjusted in the ensuing year.

8.2 Despite availability of renewable energy sources, if the distribution licensee fails to fulfil the minimum quantum of purchase from renewable energy sources, it shall be liable to pay compensation as per Regulation (11) of these regulations.

9. Captive and Open Access User(s) / Consumer(s)

9.1 The quantum of RPO mentioned in clause 4.1 of these regulations shall be applicable to captive and open access user(s)/consumer(s) from the date as would be notified in the Official Gazette.

9.2 Every Captive and Open access consumer(s)/ User(s) shall have to submit necessary details regarding total consumption of electricity and purchase of energy from renewable sources for fulfilment of RPO on yearly basis on or before 30th April to the State Agency.

9.3 Captive and Open Access Consumer(s)/ User(s) shall purchase renewable energy as stated in Table 1 of these regulations. If the captive user(s) and Open Access consumer(s) are unable to fulfil the criteria, the shortfall of the targeted quantum would attract payment of regulatory charge as per Regulation 11.

9.4 Captive / Open Access consumer(s) User(s) may fulfil its RPO through the renewable energy certificate as provided in Regulation 5 above.

10 Monitoring and Implementation: Framework

10.1 With the notifications of these Regulations, State Agency shall develop RPO Web-portal for RPO compliance monitoring and reporting.

10.2 With the development of RPO Web-portal, all obligated entities shall register themselves on RPO Web-portal and submit requisite information monthly or for any other specified period to State Agency through this Web-portal only.

10.3 State Load Dispatch Centre and Chief Electoral Inspector who will be assisting the State Agency in verification of RPO compliance of Distribution Licensee and Captive Consumers, respectively, shall also register themselves on RPO Web-portal.

10.4 Every obligated entity shall submit its electricity consumption and details of RE procured for previous month by 7th of each month on the Web based portal.

10.5 Details of electricity consumption of Distribution Licensees shall be verified by the SLDC (State Load Dispatch Centre) and that of other Obligated Entities shall be verified by concerned Distribution Licensee or Electrical Inspector, whichever is applicable.

- 10.6 The state Agency shall publish RPO compliance status of Obligated Entities on RPO Web-portal.
- 10.7 At the end of Financial Year, Obligated Entities shall upload/submit documentary evidence of procurement of RE or REC OF State Agency through RPO Web-portal.
- 10.8 Subsequent to completion of verification process, State Agency shall publish RPO compliance of each of the Obligated Entity on RPO Web-portal.
- 10.9 Based on RPO compliance status, State Agency shall compute penalty to be levied to Obligated Entity:

Provided that penalty leviable to Distribution Licensee shall be finalised and adjusted in Annual Revenue Requirement.

Provided further that penalty payable by other Obligated Entity shall be levied by State Agency with 15 days' time as due date of payment which shall be deposited in RPO fund.
- 10.10 Non-payment of penalty or non-submission of required details in a timely manner by Obligated Entity shall be treated as non-compliance or Regulations and State Agency shall recommend the Commission to initiate action against such Entity under Section 142 of the Act.

11 Effect of Default

- 11.1 If the obligated entity does not fulfil the renewable purchase obligation as provided in these regulations during any year and also does not purchase the certificates, the Commission may direct the obligated entity to deposit into a separate fund, to be created and maintained by such obligated entity, such amount as the Commission may determine on the basis of the shortfall in units of renewable purchase obligation and the forbearance price decided by the Central Commission;

Provided that the fund so created shall be utilized, as may be directed by the Commission, for purchase of the certificates;

Provided further that the Commission may empower an officer of the State Agency to procure from the power exchange the required number of certificates to the extent of the shortfall in the fulfilment of the obligations, out of the amount in the fund;

Provided also that the obligated shall be in breach of its licence conditions if it fails to deposit the directed amount within 15 days of the direction issued by the Commission.

Provided further that the Commission may extend the time frame beyond 15 days upon submission of genuine/justifiable reasons subject to condition that the obligated entity approaches the Commission within the initial time frame of 15 days as specified above.
- 11.2 In case of genuine difficulty in complying with the renewable purchase obligation because of non-availability of certificates or otherwise, the obligated entity can approach the Commission for carrying forward of compliance requirement to the next year;

Provided that where the Commission has consented to carry forward of compliance requirement, the provision regarding payment of regulatory charges as specified above shall not be applicable.

12. Grid Connectivity

Any person generating electricity from renewable energy sources, irrespective of installed capacity, shall have open access to any licensee's transmission system and / or distribution system or grid as the case may be. On an application from such person, the transmission licensee or distribution licensee shall provide appropriate interconnection facilities, as far as feasible, before Commercial Operation Date of the renewable energy project. Such interconnection follows the grid connectivity standards as specified in the Indian Standard Grid Code, State Code and / or the manner prescribed by the Central Electricity Authority.

The STU/SLDC/Licensee shall make best offers to strengthen the system to provide timely open access to transmit power renewable energy sources.

13. Cross- Subsidy Surcharges

Third Party Sale from renewable energy sources shall be exempted from the cross-subsidy surcharges determined by the Commission from time to time. However, no banking facility shall be provided for supply (third party sale) from renewable energy sources through open access.

14. Power to Relax

The Commission may by general or special order, for reasons to be recorded in writing, and after giving an opportunity of hearing to the parties likely to be affected may relax or may waive any of the provisions of these regulations on its own motion or on an application made before it by an interested person.

15. Power to Remove Difficulties

The Commission shall, suomotu or on an application from any person generating electricity from renewable energy sources or a distribution licensee or captive user or open access consumer may review, add, amend or alter any of these regulations and pass appropriate orders to remove any difficulty in exercising the provisions of these regulations

By order of the Commission.

**Sherap Shenga, IAS
Secretary/ SSERC**